



REVIEW

**March
2005**

Review of Chamber Meeting + News Update

MEETING DATES

2005

(Second Monday)

11 April

9 May

13 June

11 July

8 August

12 Sept

10 October

14 November

12 December

Phil Willis MP addresses Chamber

- UK Economy – economic stability needs better control of public spending
- Complexity of the tax regime and the need for a fairer business tax system
- “Red Tape” imposes a much larger administrative burden on small business
- Congested transport infrastructure has detrimental impact on UK businesses
- Harrogate Business Survey results – taxes, rates, traffic and skill shortages

Membership Benefits

- Book now for your FREE space at Harrogate's 1st Business Market - 9th May
- Theakston's Brewery Trip – Friday evening 22nd April - booking form enclosed
- HIC invite Chamber members to see the new Queen's Suite breakout space
- Business help-lines update enclosed – help with a wide range of problems

Focus Group News

- Promoting Harrogate – action plans will be main feature of the June meeting
- Town Centre Improvements – detailed action plan for Town Centre signage
- Traffic & Transport – new Airport Bus Service – if you can wait up to 90 minutes
- Nominations invited for election to Chamber Management Group at AGM

Next Meeting - 11th April 2005

Monday, 11th April 2005 - Old Swan Hotel, Swan Road, Harrogate

“Yorkshire Forward & Sub-Regional Investment Planning - Impact on Harrogate Business”

by Geoff Needham, Head of North Yorkshire, Yorkshire Forward with
Nigel Avison, Economic Development Unit, Harrogate Borough Council

Monday, 9th May - Pavilions of Harrogate, Wetherby Road

**Harrogate Chamber's 1st Business Market
followed by AGM and free buffet for members**

FREE stand space for members, competitions - BOOK NOW!

PROMOTING HARROGATE BUSINESS

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Phil Willis MP for Harrogate & Knaresborough

We were pleased to welcome Phil Willis MP to the meeting at Hotel du Vin to address the Chamber on the Government's impact on local business and answer questions. Topics covered included:-

UK Economy

Small Business make up the majority of the estimated 4 million businesses in the UK with 99% of British businesses employing less than 50 employees and providing 46% of the UK's non-government employment and 38% turnover. Small businesses play an incredibly important role in society and are in fact **'the engine room of the British economy'**.

Economic stability has been achieved but the current level of personal debt and the related property market 'bubble', are signs that the economy could be heading back to the days of boom and bust. It cannot carry on.

The Government has been complacent to the point of negligence. Mr Brown's policy is his self-imposed "golden rule". This says that on average over the ups and downs of an economic cycle the government should only borrow to pay for investment that supposedly benefits future generations. Despite earlier worries, this golden rule may now stay intact.

We cannot however, have a situation where economic commentators raise questions about the Chancellor's figures and then the government deny any problems. The key to solving this discrepancy is to ensure that Gordon Brown can no longer get away with setting the fiscal tests and marking them himself.

We must have a disciplined approach to public spending and it must start from the simple point that for every new spending commitment there has to be an equivalent cut in public spending somewhere else.

The Liberal Democrats would make the tax system fairer, less regressive. Scrapping of Council Tax would benefit a family on average income with two earners by over £450 and raising the Stamp Duty threshold would benefit 400,000 first time buyers by £1,000 each

LibDems have only one tax raising measure: to raise the top rate of income tax to 50% on earnings over £100,000 to finance the abolition of tuition fees, personal care charges and local tax cuts.

The Budget

Mr Brown will undoubtedly distribute pre-electoral goodies to help the poor (such as pensioners facing steep Council Tax bills). As a pre-election boost to motorists for the second year running, he will use high global oil prices to justify the popular decision to freeze excise duties on petrol in his ninth budget package.

There have also been hints that he will ease stamp duty on property transactions, probably targeted at first-time home buyers whose difficulties entering a still buoyant market are a political and economic problem.

Mr Brown's visit to China has strengthened his belief that Britain has to upgrade its skills base to have any chance of competing with the highly skilled, but low-paid, graduates coming out of Indian and Chinese universities by the millions. He is absolutely right.

Challenges to Business

Businesses, especially small companies are concerned by the sheer **complexity of the tax regime** and the burden that falls on them as tax collectors.

Taxing companies is not a satisfactory easy option. It is vital that proper consultation with business organisations takes place in order to find the right solution, with the emphasis on creating a simpler and **fairer tax system of business tax**, giving priority to helping small business.

We must seek to create a **new environment** for business. A strong economy with robust fiscal controls is the first step. Small businesses create and sustain employment and provide flexibility and innovation for all the sectors of the economy. It is vital that we provide the economic environment for them to prosper.

10 years ago, businesses were promised a 'bonfire of red tape', but in 2005 **administrative burdens** are still five times more costly and five times more time consuming for small businesses than for large firms.

It is not surprising that small business owners are cynical about promises from politicians to tackle red tape. Estimates by the British Chamber of Commerce show that major regulations introduced since 1998 have cost businesses nearly £40bn.

The slow demise of the UK **Transport Infrastructure** has had a detrimental impact on the success of business in this country.

Since the Conservative privatisation of the railway, the system has been left in chaos. Delays and level of service have constantly been in question, with the proportion of delays more than doubling from 9% to 19% since 1997. Delays to passengers have cost the economy around £1bn over 7 years.

The UK has the most congested roads in Europe with the answer being "public transport". But when you consider that British railways are the most expensive in Europe and that bus fares have risen by 71% since 1974, and 8% since '97, it hardly provides an attractive alternative to getting in your car in the morning.

The UK has a **skills gap** at nearly every educational level and we are lagging significantly behind USA, France and Germany in our nation's productivity. This has not been helped by successive governments' policies that have concentrated on "education for the best and skills for the rest".

With our adult skills level ranking lower than our industrial competitors and more of our 16 and 17 year olds dropping out of education and training we must create a skilled workforce and close the skills gap. **Skill shortages continue to have a detrimental effect on the UK economy.**

Harrogate Business Survey

We live in a region that is modernising and diversifying, with an important and growing presence by leading international companies. But, despite the positive involvement of big business in the area, it is the presence of small businesses like members of this Chamber that form the bedrock of our local economy.

I recently ran a survey across the region in order to ascertain the issues of real concern and to identify the real focus of where improvements need to be made.

It was quite clear that the burden of regulation and the sheer enormity of bureaucracy stand as some of the main issues that cause the most concern. In Harrogate, the most pressing concern is the **burden of national business taxes and business rates**.

The issue of business rates continues to be debated by the political parties but one thing remains certain, more must be done to combat the spiralling costs. The Government recently announced that they will make amendments to improve **small business rate relief**.

However, only 19% in Harrogate say they will benefit from the Government's recent announcement that the upper threshold for business rate relief will be £10,000.

The results of the survey provided a second clear message: - that the Government are strangling business with **over regulation and red tape**. Bureaucracy continues to weigh down our small businesses with the average firm in Harrogate and Knaresborough having to devote approximately 5.5 hrs a week to government bureaucracy and form filling.

In Harrogate 40% of businesses identified the **short supply of skilled labour**. Without imaginative joined-up thinking we will continue to waste talent, time and our chance on the world stage.

The improvement of the **national transport network** could provide the base from which to build. Locally, only 9% of businesses thought the local transport links and infrastructure were very good with 35% thinking it was adequate. A worrying 5% thought that transport was very poor. **61% believe that traffic congestion has an adverse effect on their business**.

Of the suggested measure to **reduce local traffic congestion**, 53% of businesses would like to see relief roads being built and 27% would like there to be an integrated park and ride service. Measures suggested by the businesses include replacing traffic lights with roundabouts, introducing more cycle routes, building a bypass for Harrogate and setting up a system of congestion charging.

33% of businesses believe that the **economic conditions** have improved over the past two years, while 42% believe that they have stayed the same and 25% believe they have deteriorated.

Recruiting staff to fill vacancies has been difficult for almost two-thirds of businesses (64%) but only 23% of businesses have considered relocating to an area with lower labour and property costs.

Liberal Democrats' pledges

On cutting red tape and easing the burden of regulation ...

We would create a stable environment for small business by performing the single biggest act of de-regulation in history by scrapping the Department of Trade and Industry. The DTI is central to the business community's frustration with Government. It suffers from a conflict of interest as it acts as the voice of the consumer and of business.

We believe in a liberal market economy in which the main role of the government is to ensure competition is maintained; no provider builds up a dominant stake to the advantage of other stakeholders; and the consumer, workforce and environment are protected.

The representation of small business interests in Government has been exceptionally bad. It is vital that there is a stronger voice for small firms at the heart of Government. We would combine the new role of Minister of Business with the Chief Secretary of the Treasury. Ensuring that the Minister responsible for issues is attached to the Treasury will ensure that enterprise is represented at the heart of government.

We would also create a special Small Business Select Committee to examine government actions and monitor the cost of bureaucracy and to keep the needs of small businesses on the government's agenda.

On Business Rates

It is vital to end their disproportionate impact on small business. By introducing a business rates allowance, similar to a personal tax allowance, firms with rateable values of less than £25,000 would be able to claim a rate allowance of up to £1,500 which would represent an annual saving of over £600 for all businesses.

In the medium term, the Uniform Business Rate which only 38% of Harrogate business felt was a fair system, would be replaced by locally set rates based on site valuation that would spread tax burdens more widely.

On the skills shortage

With our adult skills level ranking lower than our industrial competitors with more of our 16 and 17 year olds dropping out of education and training we must create a skilled workforce and close the skills gap. Skill shortages continue to have a detrimental effect to the UK economy.

On the issue of Transport

Labour have failed – our roads are more congested, public transport is more expensive and less reliable than when they came to office. The Tories' plans will mean more cars, more pollution and more building on green fields. Therefore it is vital that congestion must be cut and the railways made to work, significantly reducing delays and costs, getting more people onto public transport.

The Liberal Democrats will offer free off-peak local bus travel for all pensioners and disabled people.

QUESTION TIME

John Hart of Harrogate Ladies' College asked if his College were doing the UK economy down by "selling" English education to Chinese students or was the £3m expenditure that they import into Harrogate of greater value?

Phil said he had taken up in the House of Commons the issue of visas for Chinese students coming into the UK, not only to do degrees, but also particularly into Harrogate to do short language courses. During summer 2004 the staff at the Embassy in Beijing changed and nobody could get a visa.

Higher Education is an education commodity that is bought and sold on the world market and if Britain is not part of that then the students will go elsewhere. On a recent trip to Holland Phil found that the Dutch were actively marketing in China for students to do post-graduate work in Holland in English!

Phil believes we are now in a world economy and if we grow students from abroad in England, the likelihood is that they will be sympathetic and supportive of Britain when they go back. At the moment the Chinese market is very lucrative and to have their students here with educational links will encourage economic advantages.

Paul Wade of Black & Wade Textile Agents asked about taxation on the self-employed, where trade fluctuates and you can be penalised with high tax bills in quiet years. Did Phil see that being evened out with say five-year amortisation to give the self-employed a chance of surviving?

Phil said the LibDem Treasury Team had been looking at a fair taxation policy but did not think any of the political parties were looking at working over a three or five year period.

At Gordon Brown's briefings, however, there is a recognition that more and more of our services in the public sector are going to be delivered by self-employed contractors within that organisation, similar to the American model. If that does happen then clearly more imaginative ways of recouping tax without damaging the contractors' business is important. Phil agreed that many small businesses struggle to survive the first two to three years.

Paul Wade replied that in America businesses are given tax breaks to allow for lulls in business, therefore, businesses were not over-burdened with heavy tax bills when they have nothing to pay them with.

Phil undertook to consult with his party and would send a full reply to the Chamber, as he was not fully conversant with Treasury policy. He reiterated that the two things holding productivity back were the skills gap and investment, which many businesses bring up when talking to him - how do you get the tax breaks on investment?

Brian Haines of COMPETE Ltd asked how Phil would like to see the Harrogate Council ending up following its current re-organisation?

Phil replied that he felt the days of the current local government situation are finished. He is excited by what Nick Rainsford calls "new localism" in trying to develop a new contract with local people, in terms of delivering local services, which Phil believes in. However, they should be services people want, at a price they can afford. Who actually delivers them is actually irrelevant.

Phil said the many different local entities of government make it inefficient both economically and practically. He feels the whole system needs to be reviewed and improved to increase the quality and efficiency of local services.

Peter Armitage of Colour It In (Chamber President) asked how Phil saw Leeds as a "core city" being able to help the Harrogate District?

Phil said he felt Harrogate's uniqueness should not be lost, but he felt links with Leeds would be of great benefit to the town, providing we didn't forget that uniqueness in our promotion.

Richard Hoyle of MRD asked about the recent developments with Business Links and Learning & Skills Council (LSC), where a lot of funding has been invested in the system with no apparent end product. He asked how Phil thought it would progress.

Phil said he felt businesses should be given the ability to invest in the skills of their employees in order to make progress. He said market intelligence was needed about the skills audit, which was to be commissioned by the Regional Development Agencies, the Business Links and the LSC.

This audit should result in the knowledge about what skills are required, which could then be commissioned through LearnDirect, or through colleges, or through the Employer Training Programme. Once this is in place there should be an agreed subsidy for employees to draw on to enable them to train their staff as required.

Robert Whiteley of the Yorkshire Event Centre asked if the business of Harrogate International Centre (HIC) had suffered by not having its local MP as its Chairman?

Phil said he was very sad to no longer be involved with the HIC as he "had a dream" to look at the broader plethora of events and conference organisations and providers within our area to make a truly international centre. He said local government involvement is necessary in order to have foresight.

In conclusion, Chamber President Peter Armitage thanked Phil Willis for his full and frank review of the impact of Government Policy on Harrogate business, which everyone present endorsed with applause.

MEMBERSHIP BENEFITS

Theakston's Brewery Tour & Supper

Enclosed with this REVIEW is the booking form for the Chamber's group visit to **Theakston's Brewery** in Masham on **Friday evening, 22nd April**.

The cost will be £19.50 per person, which includes transport, the tour, supper and "all the beer you can drink!" You are welcome to bring along a partner, colleague or friend if you wish.

Please complete and return the booking form along with your cheque as soon as possible to guarantee a place on what promises to be a fun night out!

Harrogate International Centre visit

HIC have agreed to a private tour of their new Queen's Suite breakout facilities for a small group of Chamber Members one lunch-time early in April. **Members interested in joining this group should notify the Secretariat so we can finalise numbers and date.**

Business Help-Lines

A new edition of Business Help-Lines is enclosed listing established members who offer their expertise to fellow members with a free initial consultation on a wide range of business problems.

Nominations please

Please submit nominations for four vacancies on the Chamber's Management Group for the AGM election. If you wish to take a more active part in the Chamber's policy and direction, please contact the Secretariat.

MEMBERS' FORUM

ACAS help for Small Businesses

ACAS offer several Seminars and a new Forum to help with employee problems and recent legislation.

For more information contact James Ward
Tel: 0113 205 3800 or visit www.acas.org.uk

Payroll Savings

Professional Computer Services of Boroughbridge are offering payroll software to help you take advantage of the Government's offer of up to £850 over four years. (See also *Business Briefings on the back page.*)

For more information contact: Jane Barber at PCS
Tel: 01423 325808 Fax: 01423 325807
E-mail: enquiries@pcs-boroughbridge.co.uk

NEW MEMBER

Grasp - Business Development

(Marketing research & business development)

Robin Norton, Principal

50 Pannal Ash Grove, Harrogate, HG2 0HZ

Tel: 07941 129025

E-mail: robin@grasp.org.uk

Web site: www.grasp.org.uk

HARROGATE'S 1st BUSINESS MARKET- 9th May

All members should have recently received a copy of the 1st Business Market brochure. A further copy is enclosed which we ask you to pass to any other company who may be interested in attending

FREE exhibition space for Chamber members will consist of a table-top display with space for a pop-up banner or similar, if desired. Business-to-Business networking will be facilitated with FREE tea, coffee and biscuits and FREE admission to all local businesses.

Colour-it-in are donating a prize of Exhibition Display system to the value of £500 in a business card draw.

In order to make this event a success we aim to attract hundreds of visitors. We can supply brochures for you to distribute to all local companies you do business with. Alternatively, please let us have their postal address and we will send them the brochure direct.

FOCUS GROUPS

Promoting Harrogate

Following the February meeting the Management Group have agreed that the June 13th meeting will be a follow-up, with an action plan of several workable suggestions to take forward in support of Harrogate International Centre's **leisure promotion activities.**

Town Centre Improvements

Granville Simpson of the Rocking Horse has undertaken research into the **town centre's signage** and drawn up a detailed action plan for improvement.

The Civic Society has also recently drawn attention to the lack of effective signage in the town centre and it is hoped we can join forces to improve things.

If you have any suggestions to help visitors find their way around, then please pass them to the Secretariat for forwarding to the Town Centre Focus Group.

Traffic & Transport

Following a recent TransPennine Express Meeting, we have asked Harrogate & District Travel if they could route their No. 36 Bus Service via Leeds City Station to improve integration of our bus, rail and airport links.

Harrogate & District Travel will commence the long-awaited Leeds Bradford International **Airport Bus** service No 767 on April 25th with the first bus leaving Harrogate at 5.30 am. Services will run at 90 minute intervals until 10pm. Return journeys will start at 6.15am and finish at 10.45pm, with fewer buses running on Sundays. A return ticket will cost £1.80.

Concern has been expressed at the length of time between buses. We have now written to the NYCC suggesting a greater frequency of buses is needed to encourage more people to use the new service, as few visitors will wait up to 90 minutes for the next bus!

BUSINESS BRIEFINGS

New Business Link On-line Tools

www.businesslink.gov.uk, the government website that provides practical advice for SMEs, has launched three new tools to make life easier for managers and small business owners.

Tax key dates e-mail alerts - receive a list of important tax-related dates covering the next twelve months. Also receive an e-mail reminder as each date approaches, informing you of a task and featuring a link to businesslink.gov.uk to help complete that task. This tool will prove invaluable to firms who lose hundreds of pounds each year through missing filing and payment deadlines.

Go to: www.businesslink.gov.uk/keydates

Create a written statement of employment - create a tailored statement of employment that will cover everything needed legally to give a new employee in writing. Then download the completed statement to your own PC, print out and give the finished document to your employee.

Go to: www.businesslink.gov.uk/writtenstatement

Regulation updates - guidance on new and changing regulations that may affect your business. One-page updates provide summaries of new regulation, when it takes effect and where to find additional details. For businesses that register, the updates can be e-mailed directly. A proactive service that will help SMEs reduce the time they spend on dealing with regulations.

Go to: www.businesslink.gov.uk/regulationupdates

All the tools are free of charge, easy to use and can be found at www.businesslink.gov.uk, the on-line channel of the Business Link network.

New insurance rules for single employee companies

New insurance rules, which will exempt some small companies from employers' liability compulsory insurance, came into force on 28th February 2005. One-person private limited companies, where the owner is the only employee, will no longer be required to have employers' liability cover.

Previously, incorporated business owners were classed as employees of the company entity and so required the insurance cover. The Association of British Insurers (ABI) estimates that the change in the law will result in average savings of £250 a year for many small firms.

For more information go to:

www.wired.gov.net/WGLaunch.aspx?ARTCL=29979

To view the regulations go to:

www.hmso.gov.uk/si/si2004/20042882.htm

Minimum Wage rises above £5 per hour

The National Minimum Wage for adults will rise to £5.05 per hour from 1st October 2005 and to £5.35 per hour in October 2006. The youth rate, for 18-21 year olds, will increase to £4.25 in October 2005 and to £4.45 in 2006 - all higher rises than the inflation rate.

The Government's announcement is at:

www.wired.gov.net/WGLaunch.aspx?ARTCL=30112

Chip and PIN legal position explained

The Chip and PIN campaign has issued advice for retailers to clarify their legal position regarding liability for card fraud following the introduction of the new card payment system in January this year. Retailers are not legally obliged to install the new equipment, but may be held liable for any card fraud committed in their businesses if they choose not to do so.

The advice, summarising the current legal position at:

www.chipandpin.co.uk/business/card_payments/2005.html

A list of FAQs for retailers is available at:

www.chipandpin.co.uk/business/card_payments/faqs.html

Tax relief measures for smallest firms

Businesses with fewer than 50 employees can receive up to £850 tax-free over the next five years if they file their accounts on-line for the 2004-05 Tax Year. All businesses will have to file on-line by 2010, but until then, the Inland Revenue is offering incentives to encourage businesses to report their accounts on-line.

See the announcement on-line at: www.gnn.gov.uk/Content/Detail.asp?ReleaseID=149360&NewsAreaID=2

On-line Pensions Advice

A new website has been launched to help businesses navigate the pensions maze and see how other firms have coped with the challenge. The website provides advice and examples of best practice around pension provisions, following recommendations by the Employer Task Force. It has been developed in partnership with several employer representatives, including the Confederation of British Industry.

To access the advice the website is:

www.pensionsatwork.gov.uk

Ripon Area Business Association

RABA offer members two FREE seminars in Ripon:-
Wed 27th April "Performance Coaching – what's in it?"
Thurs 9th June "Personality Clashes in the Workplace"

For more information contact:

Lynne Davis Tel: 01765 604002

David Harlock Tel: 01765 606666

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